

State of California

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Legislative Change No.**98-13**Bill Number: AB 2456Author: Sweeney, et alChapter Number: 98-749

Laws Affecting Franchise Tax Board:

Revenue and Tax Code Sections 17207 and 24347.5Date Filed with the Secretary of the State: September 23, 1998

SUBJECT: Disaster Loss Deduction/February 1998 Storms or Flooding

Assembly Bill 2456 (Sweeney), as enacted on September 23, 1998, made the following changes to California law:

Section 17207 and Section 24347.5 of the Revenue and Taxation Code are amended.

This act adds to the current list of specified disasters in the Personal Income Tax Law (PITL) and the Bank and Corporation Tax Law (B&CTL). Specifically, this act allows 100% of losses sustained as a result of the storms or flooding in February 1998 that occurred in any county in this state subject to a disaster declaration, or any other related casualty, to be carried forward for up to 5 years. If any loss remains after the 5 year period, 50% of the remaining loss may be carried forward for up to 10 additional years. The \$100 and 10% of adjusted gross income limitations in existing law apply to disaster losses on nonbusiness property.

This act allows the amended return claiming the disaster loss to be filed by the extended due date of the return for the taxable or income year in which the disaster occurred.

This special disaster treatment of losses applies to the taxable or income year of the loss, which may be 1997 or 1998 depending on whether the taxpayer is a fiscal or calendar year filer.

This act will not require any reports by the department to the Legislature.

Bureau Director

Date

Johnnie Lou Rosas

10/5/98